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How Can Cultural Understanding Influence Your Business in the United Arab Emirates

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ABSTRACT

The world is getting smaller and that is giving the international companies ton of opportunities to expand their businesses and flourish outside their home countries. Going internationally with any business is not an easy job to be done; companies need to pay extra attention to the cultural differences in a way to succeed. Understanding the Emirate culture is very important to thrive as an international company United Arab Emirates.

Keywords: United Arab Emirates, Culture, Business

Introduction

The world is getting smaller and that is giving the international companies ton of opportunities to expand their businesses and flourish outside their home countries. Going internationally with any business is not an easy job to be done; companies need to pay extra attention to the cultural differences in a way to succeed. There are many definitions for culture but I think the best is as defined in the encyclopedia of social psychology. Culture is “an interrelated set of values, tools, and practices that is shared among a group of people who possess a common social identity” (2007, para.). Conducting a business in any country requires an understanding for not only the country’s language but the culture as well. Many companies failed to expand their businesses in other countries because they lack the cultural knowledge. There is some big company like best buy who terribly failed in Europe because Europeans like the small shop idea better ("10 Successful American Businesses that have failed overseas", 2013). There are also other successful American brands that was not successful n other countries, E-bay in china, Wal-Mart in Japan, Google in China and star bucks in Australia ("10 Successful American Businesses That Have Failed Overseas", 2013). United Arab Emirates is an Arabic petroleum country located in the Arabian Gulf peninsula and known for its rapid growth and development and rich culture and traditions. Many companies from all around the world conduct business in United Arab Emirates but not all of them are successful. Understanding the Emirate culture is very important to thrive as an international company United Arab Emirates.

The United Arab Emirates is a country with a federal system that consist of seven Emirates Abu Dhabi as a capital , Dubai, Sharjah, Om Al Qewain, Ras Al Khaimah, Ajman, Fujairah that was federated in 1971. In United Arab Emirates the constitution gives the needed legal framework for the federal level of the emirates. Each Emirate has the general federal system and the local system that’s distinguished for each Emirate. The federal government takes care of all foreign policy, security, defense, and legislation. The local system gives each emirate a chance to handle a legal matter locally (Abu Dhabi E-government Gateway, 2013). “ the governments of each individual Emirate retain substantial powers to regulate commercial

activities, issue trade licenses and effect the incorporation of corporate entities to the extent that such activity is not already regulated under federal legislation” (Latham & Watkins, 2011).

Economical scene in United Arab Emirates

As per the economical scene in United Arab Emirates when it comes to the oil sector, the growth has weakened in 2013 but on the other hand growth in the non-oil sector is growing. The government of United Arab Emirates is focused and determined to grow the non-oil sector services more to diversify the country’s income profile. In 2013 United Arab Emirates GDP growth estimated to be 4.3%. Currently United Arab Emirates is considered as one of the safest countries in the region and that’s affecting the country’s economy stability (“Country Report: United Arab Emirates,” 2013). The United Arab Emirates government building new projects and initiatives to help in sustaining the non-oil sector like contractions and manufacturing and investing in services. United Arab Emirates also bought new air craft’s for their national air line “Etihad” that help in expanding the routes of Etihad airlines. Tourism is also flourishing in United Arab Emirates more and more with more facilities being available especially with other tourism options in the region being unsafe like Egypt, Syria and Lebanon. Creating new tourist attractions like “Burj Khalifa” the tallest building in the world, “Ferrari world” the first closed Ferrari fun city in the world, building all these attractions is enhancing the tourism economy in United Arab Emirates. Recently Dubai won the bid (\$6.8) to host of Expo2020 and that will add a lot to the economy with the expectation of growth in GDP. Hosting Expo2020 men creating new jobs and enhances employments and increase in the salaries rate. It will also help to create new business opportunities for internal and external investor. This event will attract investments from all around the world. In general the economical scene in United Arab Emirates is very stable and growing slowly with many opportunities. Few risks might take place like over capacity in Expo 2020 yet all is being addressed and solutions are being made (“Country Report: United Arab Emirates,” 2013). United Arab Emirates currency is the dirham and it’s pegged against the American Dollar. Despite all the changes in United Arab Emirates economy through the past 5 years, United Arab Emirates still have one of the strongest economies in the region that attract many international companies.

Culture in United Arab Emirates

United Arab Emirates is a Muslim country with a tribal system. The royal family is one of the strongest tribes in United Arab Emirates and that is Al Nahyan family. United Arab Emirates used to be seven different emirates and were united in 1971 to be one country. All seven emirates shared the same culture, traditions, language and similar tribes. The history of United Arab Emirates traditions goes hundred years back. United Arab Emirates culture consists of distinguished customs, traditions and behaviors of dealing and talking to people “San’a”. “San’a” is traditional word for set behaviors that an Emirate person should learn and understand to deal with other people. These behaviors include the way of greeting, talking, and hospitality, sitting or even walking. Traditionally while talking to anyone who is older than you or higher in rank you should not debate much and let them start with the conversation. As part of “San’a” when you cross your legs you should make sure that your feet or the bottom of the shoes is not facing anyone, it’s considered rude and unrespectable. In United Arab Emirates traditions, while men and women are walking together women should not walk in front of men it considered rude. Even though such behavior started to change but many people still in favor of it. When first meeting people wither its casual or business meeting the conversation should start with little

social chat where you ask about health, family and work. Traditionally when you have a meal with guests you should not leave the table till everybody finish eating otherwise it will be considered as lack of hospitality. Guests should wait till they get asked to have a seat. It's very important to have unrevealed dresses especially for women any revealing cloths considered rude and inconsiderate for the local community. It's not acceptable for couples to kiss in public. Arabic language is the national language in United Arab Emirates and there is an Emirate accent that's used by United Arab Emirates nationals. Many feigners use the United Arab Emirates accent lightly to show that they know the language but it might make United Arab Emirates nationals uncomfortable and give them the feeling as if their language being mocked. United Arab Emirates nationals are very proud of their traditions so making jokes or criticizing these traditions gives the feeling that you are not respecting the country. United Arab Emirates have very rich culture that might feel complicated to some people but its very simple once understood. United Arab Emirates business culture changed though days but its still require high understanding from international companies who plan to conduct a business in United Arab Emirates. There is one important thing that also need to be understood by international companies that United Arab Emirates is a Muslim country so any conversation may include phrases like "Inshallah" if Allah well's or "Al Hamdulellah" means thanks to Allah or "La Elah Ella Allah" means no God but Allah. These phrases is part of daily conversations specially "Inshallah" and many foreigners interpret this as the job will be delayed or not done but the person usually mean ok it will be done or sure. Some people also make fun of United Arab Emirates nationals over using this phrase and that might make them totally uncomfortable because it's an Islamic phrase that rest deeply in United Arab Emirates culture roots. When it come to meeting all Foreigners who come for business needs to know a very important fact and that is that they have to be on time for all of their meetings regardless if their host is on time or not. Be patient and have a high tolerance to whatever may go in the meeting because people may walk in, interrupt or someone might pick the phone so don't be offended. If you are offering a proposal so get ready for some negotiations and by shy of negotiating back and it might take longer than you expect so you should know its ok. Make sure all meetings are not during the prayers times and there are five prayers per day. The first prayer is early morning, the second is between 12:00- 1:00, third one is between 3:30-4:00, fourth is with the sun set and the last one usually between 7:00-8:00. The prayers depend on the sun location for that the timing differ all around the year but it's usually within the range I provided. As we mentioned earlier hospitality is a very important aspect in United Arab Emirates culture so don't be surprised when coffee, dates, pastries, chocolates or even fruits are offered yet the quantity may differ from the formal business meeting to the causal business meetings. Accept the hospitality with a nice compliment to the offered beverage or food.

Conducting business in United Arab Emirates

Conducting a business in United Arab Emirates is very appealing and that's due to many reasons. According to the international finance corporation of the World Bank Unite Arab Emirates ranked number 24 in 2013 for starting a business (The World Bank group, 2014). United Arab Emirates is also ranked number 1 in paying taxes and that's because it's a tax free country, which is one of the biggest attractions to many international companies. United Arab Emirates ranked number 4 in registering properties, trading across borders and getting electricity. United Arab Emirates ranked 101 in enforcing contracts and 102 in resolving insolvency (The World Bank group, 2014). When it's come to protecting investors United Arab Emirates ranked

98 for 2014 globally while it was ranked 137 in 2013, which mean regulations and measures are changing in favor of investor protection. All these things plus many others make international companies invest in expand their presence in United Arab Emirates. In general conducting a business in United Arab Emirates became much easier than it used to be before. Nowadays everything is available online and you can get a big chunk of work is done online. There is also a very important rule in opening a business in United Arab Emirates where half of the business 51% should be owned by United Arab Emirates national. To start up a business in United Arab Emirates it's very mandatory to have a formal legal presence in the country and that can be done in four different ways. It either can be done by incorporating a local entity, or by registering a representative branch or office of the mother company, the investor can also establish a free zone entity or they can just enter into commercial agency relationship (Latham & Watkins, 2011).

Why it's important to understand the United Arab Emirates culture while conducting a business

There are many different reasons why it's important to understand United Arab Emirates culture before conducting a business in United Arab Emirates and most important reason is that any company understanding for the culture will help to determine the company's future or success in United Arab Emirates. Understanding the customs of United Arab Emirates culture will give companies the edge of strengthening their relationships in the United Arab Emirates market. For example shaking hands in United Arab Emirates culture is very important. When shaking hands with men you should let your host pull his hands first and when shaking hands with women it's very important to know that not all Emirate women shake hands so the visitor should wait till the hand is offered. Understanding such custom is crucial to build up first impression that might help in starting a successful business relationship. Language is an essential part of any culture and especially the Emirate culture. Arabic language is the official language in United Arab Emirate and what makes it more special is the Emirate accent, having the knowledge of the Arabic language and especially the Emirate accent will give the companies a chance to better communicate with United Arab Emirates nationals, who are usually the top management in all governmental entities. Foreign companies must also understand that in United Arab Emirates sometimes people might get loud and they use their hands while speaking and while speaking some social chat might be involved. Understanding communication customs is very important since the United Arab Emirates nationals are very social people and to be able to connect with them will change many things in term of conducting business. Communicating is essential because not only in United Arab Emirates but also in the Middle East building relations is very important because most business revolve around personal relationships. These relationships in United Arab Emirates open a lot of doors; it can get you new customers, or get your job done quickly. To have successful business in United Arab Emirates it's very important to know that once the office is setup visiting other office is important initiating first meeting that will help in building relationships.

The right Understanding of the importance of the United Arab Emirates culture, customs and traditions might take the business to a total different level. The good understating help in different ways:

Understand the message right

Understanding United Arab Emirates cultures and its traditions help the business conductors to understand their partners or clients of United Arab Emirates nationals. For example you will know that that asking about your health and your family is not a way of time waste and not focusing on the topic but instead it's a gesture of welcoming and hospitality. Understanding such an important thing will make you more cautious to ask these things the next meeting. Understanding the message will help in building and strengthening the relationship, that we discuss its benefit earlier.

Delivering the right message

Being culturally intelligence will help investors to communicate their messages properly that will help in enhancing the work and make the companies popular. For example in the United Arab Emirates business culture even if you have scheduled meeting sometimes it get canceled in a very short notice and if know the culture well you just reschedule and be a sport about it. In this case you are delivering the message that we understand your situation and we care to continue. Delivering such a message mean you will strengthen the relation and most importantly you will earn their respect.

It gets personal

Once you understand the culture well United Arab Emirates nationals who work in different companies will prefer you over others. Because you will establish a relationship and trust with them so it will be more personal for them and again as we said earlier in United Arab Emirates people do a lot for people they know in term of business. So you might be the first to know about some kind of tendering or you will be the first go to choice for any client. In United Arab Emirates community they have a special form of social gathering for men mainly in place they called "Majlis" it's usually in well-known high ranked person house and it's hard to attend these "Majlises" even for some United Arab Emirates nationals. There are special Majlises that are usually attended by the elite of the society it's like going golf in the western world. But in case you got in a good business relationship with A United Arab Emirates S national you might get invited to a "Majlis" and it's a very good way to network with some of the main players in the United Arab Emirates market in causal social manner, which mean more access in the future.

Conclusion

Understanding the culture of any country is a very crucial element to any business success. Understanding the Emirate culture gives the international companies who are doing business in UAE the edge as investors. Companies should not only rely on employees who have been working abroad but need to make sure that a good training in a country's culture and traditions is provided. A misunderstanding of some aspects of a culture especially United Arab Emirates culture may cause a great damage to the company's image. United Arab Emirates is a very social community where people rely highly on their peer views toward many things in life including business. For example don't go to a meeting and criticize the way people dress or even the way meeting conducted. It might be perceived as if you think you are better and this idea will be transferred to others as well and in United Arab Emirates they trust their people more. International businesses invest a lot of money in expanding and I think it's important to invest in learning the culture of the countries they are planning to expand in to save money and efforts. For many companies despite being successful in their home countries, they could not thrive in

other countries due to their lack of understanding for other countries cultures. United Arab Emirates has a good reputation of being investment safe haven that make many companies open offices in it, yet not all of them succeed. Many international companies are present in United Arab Emirates with foreign managed, foreign staff and foreign networking and connections, so they are the one who knows someone who knows. Many Foreign companies in UAE have the fear of interacting with UAE nationals and governmental entities because they don't know how to deal with them. Getting involved in the UAE culture understand it and living it will give investors the chance to know the keep people in the UAE market not just knowing people who knows. Cultural intelligence is not a myth but a reality that many people denies. It's not enough to have the competencies and skills and knowledge because sometimes its only one gesture that makes companies loses the deal.

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